

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JESSE R.) APPEAL NO. 07-A-2589
HAMILTON AND BRET PORTER from the decision of the) FINAL DECISION
Board of Equalization of Valley County for tax year 2007.) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing February 14, 2008 in Cascade, Idaho before Hearing Officer Steve Wallace. Board Members Lyle R. Cobbs, David E. Kinghorn, and Linda S. Pike participated in this decision. Appellants Jesse Hamilton and Bret Porter appeared at hearing. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi, and Appraiser Julie Yates appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RPM0229001009BA.

The issue on appeal is the market value of a residential property.

The decision of the Valley County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$200,580, and the improvements' valuation is \$210,700, totaling \$411,280. Appellant requests the land value be reduced to \$110,000, and the improvements' value be reduced to \$160,000, totaling \$270,000.

The subject property is a .103 acre lot improved with a 1,538 square foot residence built in 1983. The property is described as a second-tier lot having good views of Payette Lake with level to moderate topography. The residence is considered average grade in average condition.

Appellants noted subject was purchased in November 2006 for \$667,200. There was a question concerning exactly what was included in the purchase price. Appellants' post-hearing brief confirmed the transaction included fee title ownership of the .103 acre subject lot and the

1,538 square foot residential improvement, as well as a one-quarter easement interest in the subdivision's common area. In Appellants' view, subject's assessment also reflected the interest in the common area. The County was unaware of Appellants' interest in the common area and confirmed such was not included in subject's assessment.

Appellants also provided an appraisal report ordered by the bank financing subject's purchase. Based on two (2) sales that occurred in 2006 and one (1) in 2005, the estimated value of subject was reported as \$670,000. Appellants noted the appraisal also included the one-quarter interest in the common area.

Respondent presented six (6) improved residential sales. Three (3) occurred during 2006 with sale prices between \$275,000 and \$585,000. Two (2) sales transpired in 2005 for \$325,000 and \$375,000. The remaining sale took place in 2007 for \$315,000. Lot sizes of all the sales ranged from .1199 to .6532 acres with residential improvements between 1,266 and 2,320 square feet. The residences were all similar in grade and condition to subject. The locations of the sales were not shared, however, the County stated none were lakefront properties nor did any have interests in a common area.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

State law requires property be assessed at market value on January 1 of the applicable tax year; January 1, 2007 in this case. Idaho Code § 63-205.

Market value is defined in Idaho Code § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellants pointed to subject’s November 2006 purchase for roughly \$270,000 and advocated this price is the best indicator of subject’s value on January 1, 2007. Though not verified until after the hearing, the purchase price included the .103 acre subject lot, the attached residence, and a one-quarter easement interest in a common area. While the common area was not included in subject’s assessment, the County was unaware the purchase price included this interest.

Appellants also furnished the independent fee appraisal of subject which was ordered by the lending bank. Three (3) sales were examined and adjustments were made to account for differences compared to subject. Also noted in the appraisal was subject’s interest in the common area. Subject’s indicated value was \$670,000.

We agree Appellants’ interest in the common area added a certain amount of value which was captured in subject’s total purchase price. What is unclear however, is the amount of value contributed to the overall sale price. Appellants estimated the value of the common area at \$429,552.50, which reflects a one-quarter share of the common area’s total 2007 assessment of \$1,718,210. We do not believe this to be an acceptable method for estimating value, chiefly because determinations based on assessed values are not accepted appraisal practice.

Respondent presented six (6) improved residential sales to support subject’s assessment. The relevant date in this appeal is January 1, 2007. As such, consideration of the County’s 2007 sale would be improper. The remaining five (5) properties sold during 2005 and 2006. The lots

were between .1199 to .6532 acres with residences between 1,266 and 2,320 square feet. The sale prices ranged from \$275,000 to \$585,000. Subject was assessed at \$411,200.

While the residences involved in Respondent's sales were somewhat similar in size, grade, and condition as subject, the lot sizes were all more than double subject's, with the exception of Sale #5. No adjustments or other consideration was given to the differences compared to subject. In particular, Sale #3 involved a .6532 acre property that sold for \$585,000. After extracting the value of the improvements, Respondent attributed \$192,700 to the land. Subject is only .103 acres with an assessed land value of \$200,580.

Sale #5 involved a .1199 acre lot, which is similar to subject. The value attributed to the land was reported at \$119,030. As this is the only property involving a lot similar in size to subject, we believe it to reasonably reflect subject's land value.

Of the sales involving residences similar in size to subject, the value attributed to the improvements appears to be in line with subject's assessment of \$210,700. As such, no adjustment to subject's improvement value appears warranted.

Accordingly, the decision of the Valley County Board of Equalization is modified to reflect a land value of \$119,030 and an improvement value of \$210,700, totaling \$329,730.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, modified to reflect a land value of \$119,030 and improvement value of \$210,700, resulting in a total value to \$329,730.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from

Appellants.

MAILED May 6, 2008